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CENTRAL INTELLIGENCE AGENCY 25X1

INFORMATION REPORT

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SUBJECT: Labor Conditions at the Leuna Plant

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THIS IS UNEVALUATED INFORMATION

1. Prior to the arrival of the Soviets in 1945, the Leuna Plant was one of the most progressive plants in Germany. The monthly salary for unskilled workers was approximately DM 160, and for professional employees DM 250. Overtime and beneficial suggestions which contributed toward surpassing production quotas were officially endorsed; employee recognition and remuneration were on an equitable basis. Medical insurance, hospitalization, pensions and other benefits previously awarded the workers were curtailed or abolished when the Soviets began operation of the plant.

2. In early September 1951, the employees of the Leuna Plant were invited to attend an assembly to negotiate a contract designed to regulate wages and establish social benefits. A representative of each section of the plant was to be elected by the employees. Although some of the nominees were members of the Sozialistische Einheitspartei Deutschlands (the communist party) and used bloc voting methods, the election of the representatives did not result in an SED majority. A detailed contractual agreement evolved from this meeting which set forth what the obligations and compensations of the employees were to be. [] the contract obligations, which were of a political as well as a pecuniary nature, were extremely exacting; promises were to be elicited, binding the employee to make each colleague a true friend of the Soviet Union and pledging that the works of Marx and Lenin would be studied. The contract included no details regarding wages, only a tabulation of decisions. Salaries of unskilled workmen were to be reduced, although it was promised that these

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reductions would not occur in fiscal year 1952. Rewards formerly given employee suggestions for improving or accelerating production were to be suspended; premiums were only to be awarded in those sections of the plant where production could be quantitatively measured. The contract also provided for the removal of special pay rates for overtime, reduction of social security and sickness benefits, discontinuance of Christmas bonuses, and the exclusion of non-academic personnel from the pension plan.

3. The chairman of the assembly, labor union leader Schroeder, nearly incited a riot when he urged adoption of the contract; he became so vehement in his speech that he was later summoned to Berlin and accused of insulting the Leuna employees. Dr Eckard, the German director of the plant, delivered a courageous address against the adoption of the contract; his speech resulted in the rejection of the agreement by the Leuna representatives. The sponsors of the collective contract, having failed in their original approach, shifted emphasis to individual branches of the Leuna Plant, where intimidation could be applied more effectively. When the new ballot returns were counted, (the SED ballot system counts abstentions as affirmative votes), the results indicated a majority vote for the adoption of the contract.

25X1 [] the SED held a meeting of the professional employees and urged them to influence the workers to accept the contract; a vote was taken which resulted in an SED majority. 25X1 Of the SED members who directed the meeting, [] Mr. 25X1 Wunderlich, Chief of Personnel, Mr Mengel, of the Cultural Department and Mr Stranowski, administrator of the Leuna district.

4. When the contract was put into operation it resulted in extensive changes throughout all departments of the Leuna Plant. The entire Personnel Division was reorganized; most of the officials were dismissed without notice, and their positions were filled by union members having neither technical nor scientific training. Professionally trained employees were awarded special dispensations in individual contracts which were not given untrained workers and laborers. These individual contracts stated that the salaries of the professional employees would not be reduced and included pension plans which were the first pension benefits since 1945. The pensions were to amount to 60% of the employee's highest salary with a ceiling of DM 800 per month; pensions for professional employees who were SED members were established at 80% of their highest salary, without any ceiling.
5. Eligibility for wage premiums is based on performance records; in order to produce a good record, personal gain is often at the expense of Leuna production. For example, the power plant employees frequently allow the generators to run continuously in order to achieve a record power output in the hope of receiving premiums. Excess power generated at Leuna is distributed to other localities, probably Czechoslovakia; production of such excess power results in no benefit to the plant, heavily overloads the generators and makes proper maintenance virtually impossible.
6. Premium funds are drawn from the annual budget. When a premium is paid to an employee, an amount equal to that of the premium must be restored to the budget; this is done by an equivalent decrease in salary disbursements. Premiums are viewed with skepticism by employees, as they feel that the advantage of one

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worker is at the expense of others. Furthermore, a Special Premium Allotment Bureau, under the jurisdiction of the local union office, makes disbursements subject to the approval of the union president. The contiguous political aspects of premiums result in a feeling of wariness on the part of the recipient. Stakhanovism (a method whereby piecework production is accelerated by the impetus of special rewards) was attempted unsuccessfully; the workers engaged in the experiment were physically attacked by their colleagues.

7. Reimbursement for travel, under the system established by the Soviets, is less than the actual expense incurred. Travel payments varied from DM eight per day for a journey of twelve or more hours, to no reimbursement whatsoever if the journey was eight hours or less. A factor which the Soviets considered when fixing travel expense rates was the academic training of the employee. Untrained employees were not permitted to travel second class which professional personnel are customarily allowed to do; travel reimbursement of untrained workers is about half the amount allotted professional employees.
8. Under Soviet operation, Leuna Plant personnel are required to work overtime without payment if an installation or tool is in need of repair and production is thereby impeded. Wages are forfeited when quotas are not realized as the result of an accident or the breakdown of a machine. For example, if a defective tool is produced in the Machine Tool Shop, the responsible employees must forfeit 10% of their hourly wage and all benefits. Formerly, a premium would have been awarded the employee detecting and reporting the defection; under Soviet direction, however, Leuna Plant workers are tempted to overlook flaws wherever possible to avoid personal loss.

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